

Message Text

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PAGE 01 SANTIA 03447 030054Z

72

ACTION EB-11

INFO OCT-01 ARA-16 ADP-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 SS-15 L-03 H-03 OMB-01

TRSE-00 PA-03 PRS-01 USIA-15 RSR-01 /090 W

----- 125293

R 022205Z AUG 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 5086

INFO AMEMBASSY BUENOS AIRES

LIMITED OFFICIAL USE SANTIAGO 3447

EO 11652: N/A

TAGS: EFIN ETRN CI

SUBJ: CIVAIR - FURTHER DEVELOPMENTS ON EXCHANGE PROBLEM

REF: SANTIAGO 2670

1. IN AUGUST 1 VISIT TO EMBASSY, CARLOS BRUNSON, BRANIFF VICE-PRESIDENT FOR CHILE, SAID THERE HAS BEEN NO FURTHER REACTION FROM THE CENTRAL BANK REGARDING BRANIFF'S DECISION, WITH AVIANCA, TO WITHDRAW FROM THE BANK'S EXCHANGE AND REMITTANCE REGULATIONS. HE SAID NO OTHER FOREIGN AIR CARRIER HAS WITHDRAWN SINCE, ALTHOUGH HE UNDERSTANDS THAT AEROLINEAS ARGENTINAS (AR) IS STILL SERIOUSLY CONSIDERING IT. (AR DID NOT CARRY OUT ITS INTENTION OF WITHDRAWING EFFECTIVE JULY 1 AS REPORTED REF.) BRUNSON SAID HE IS CONVINCED THAT THE BANK HAS NO LEGAL COUNTERMEASURES. HOWEVER, HE EXPRESSED SOME CONCERN THAT HE AS RESPONSIBLE OFFICER MIGHT BE JAILED FOR A SHORT PERIOD, AND THAT INTERVENTION BY THE GOC WAS POSSIBLE.

2. ACCORDING TO BRUNSON, NEW ARRANGEMENTS HAVE RESULTED IN CASH DEPOSITS BY BRANIFF IN LOCAL BANK TOTALING ABOUT \$120 MILLION IN TWO MONTHS. HE EXPECTS THIS RATE TO CONTINUE. BRANIFF ALSO IS MAINTAINING IN ITS OFFICE SAFE DOLLAR TICKET SALE

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PAGE 02 SANTIA 03447 030054Z

PROCEEDS, MOSTLY IN THE FORM OF CHECKS, WHICH PRESENTLY TOTAL

ABOUT \$200,000. BRANIFF PLANS TO INVEST AT LEAST PART OF THESE
ESCUDOS IN CHILEAN REAL ESTATE (OFFICE SPACE AND/OR A
TOURIST HOTEL), POSSIBLY IN PARTNERSHIP WITH AVIANCA. HE SAID
BRANIFF STILL DOES NOT HAVE A FIRM LEGAL OPINION AS TO WHETHER
DOLLAR HOLDINGS MAY BE REMITTED TO THE US WITHOUT DEALING WITH
THE CENTRAL BANK. BRANIFF AT PRESENT IS RETAINING DOLLARS IN
EXPECTATION OF A CENTRAL BANK INSPECTION, BUT TENTATIVELY PLANS
TO REMIT THESE FUNDS TO US AFTER 30 DAYS.
DAVIS

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